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3) 62 separate talks held between top leaders from 22 countries in the four days of the G-8 summit

YOMIURI (Page 2) (Full)
July 17, 2008

It has been learned that a total of 62 separate talks were held in four days between top leaders of 22 countries, who took part in the Group of Eight summit in Hokkaido. The 62 separate summit meetings were held at The Windsor Hotel from July 6, the day before the opening of the G-8 summit, through the 9th, the closing day of the summit. According to the Ministry of Foreign Affairs, the number is the largest ever compared with that held at the past G-8 summits.

Prime Minister Yasuo Fukuda had 15 meetings, the largest number, followed by the ten meetings by Russian President Dmitry Medvedev,

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and by the eight sessions by U.S. President George W. Bush.

In the G-8 outreach session, newly developing countries called "BRICs" demonstrated their solidarity. A senior MOFA official said: "Countries other than the G-8 nations have now taken advantage of the G-8 summit to play up their presence."

Since the G-8 Hokkaido Summit took up such global issues as climate change and food crisis, as well as African development, a record high of 22 countries, including the G-8 members, participated in the summit.

4) Seoul denies Yomiuri report on Takeshima

YOMIURI (Page 2) (Full)
July 17, 2008

SEOUL-Lee Dong Kwan, a spokesman for South Korean President Lee Myung Bak, met domestic media reporters on July 15 and denied a Yomiuri Shimbun report on the president's remarks over the advisability of describing the issue of Takeshima, a group of disputed islets in the Sea of Japan, in an education ministry manual explaining new middle school curriculum guidelines for social studies. The Yomiuri Shimbun reported that President Lee told Prime Minister Fukuda: "Don't do that right now. I want you to wait." The spokesman, however, said the president "never said anything like that." "That's groundless," the spokesman added.

The spokesman, meeting the press yesterday, said the South Korean government was studying what to do next.

5) South Korea to urge Japan to allow school textbook sub-panel to discuss Takeshima issue

ASAHI (Page 4) (Abridged slightly)
July 17, 2008

Seoul

The South Korean government intends to urge Japan to let the Japan-South Korea joint history research committee's school textbook sub-committee composed of scholars of the two countries to handle the Takeshima/Dokdo issue. The step follows President Lee Myung Bak's instruction yesterday to consider having both countries produce joint history textbooks. The step seemingly aims at renewing Seoul's assertion that Takeshima is South Korea's territory through the envisaged subcommittee discussions.

The governments of Japan and South Korea agreed at the October 2006 bilateral summit to set up a history textbook subcommittee under the joint history research committee composed of scholars of the two countries. Although the committee's second-term plenary meeting has been underway since June 2007, how much it can affect the government's basic policy is unclear.

Japan thinks South Korea's response to the Takeshima issue is calmer

than the previous Roh Moo Hyun administration's that immediately escalated into changes to the diplomatic timetable. The government is also watching closely whether South Korea will respond to Japan's call for a Japan-ROK foreign ministerial on the sidelines of an international conference in Singapore next week.

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Japan has informally requested the bilateral foreign ministerial, but South Korea replied that the matter is under consideration, according to an informed source.

6) Poll: 47 PERCENT pessimistic about abduction issue due to N. Korea's delisting

MAINICHI (Page 2) (Abridged)
July 17, 2008

In the wake of North Korea's nuclear declaration, the United States is now in the process of delisting North Korea as a state sponsor of terrorism. The Mainichi Shimbun, in its recent telephone-based nationwide public opinion survey conducted July 12-13, asked respondents about the possible impact on the issue of Japanese nationals abducted to North Korea. In response to this question, 47 PERCENT answered that the issue is now far off from a solution, with 42 PERCENT saying the delisting and the abductions are different issues and 2 PERCENT saying the issue is now nearing a resolution.

Meanwhile, the Japanese government welcomed the U.S. government's decision to remove North Korea from its terrorism blacklist in response to its nuclear declaration, taking the position that it will help resolve the North Korean nuclear issue. In the survey, respondents were asked if they supported this move. To this question, 66 PERCENT answered "no," with 19 PERCENT saying "yes." The government expected its response to the North Korea problem to score points on the diplomatic front. Its stance, however, did not necessarily obtain public understanding, as is evident from the survey.

7) LDP Yamasaki urges government to present method for reinvestigation of Japanese abductees in North Korea

TOKYO SHIMBUN (Page 2) (Full)
July 17, 2008

(Kyodo News, Beijing)

Former Liberal Democratic Party Vice President Taku Yamasaki, now visiting China, told Japanese reporters in Beijing on July 16 this about the reinvestigation of Japanese abduction victims: "It is necessary for Japan to present an investigation method. I say the sooner, the better." The reinvestigation was agreed on in recent working-level talks between Japan and North Korea.

Yamasaki said: "It would be better for Japan to join the reinvestigation," but he added: "Since there are opposing views, coordination in the government is necessary."

Yamasaki ruled out the possibility of his contacting North Korean officials who are involved in the abduction issue.

In reference to a cabinet shuffle, Yamasaki emphasized that if Prime Minister Fukuda decided to shuffle the cabinet, he should respect opinions in LDP factions. Regarding dissolution of the House of Representatives for a snap election, he remarked: "If the cabinet is shuffled, the Lower House will not be dissolved at least for six months. But a general election at the outset of the ordinary Diet session next year is fully conceivable."

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8) Yamasaki dismissive of sending SDF to Afghanistan

Beijing

LDP Foreign Affairs Research Council Chairman Taku Yamasaki speaking to the press on July 16 in Beijing expressed a negative view about the government and ruling camp's plan to send the Self-Defense Force to Afghanistan as the next step after the refueling assistance special measures law expires in January. He said: "It is difficult to make a political decision on ground-based assistance along with (activities) in the Indian Ocean."

In response to expectations of Western countries, the government sent a fact-finding team to Afghanistan and its neighboring countries. The government is searching for the possibility of the SDF's airlift support for the multinational forces and other options. But there are no prospects for obtaining the understanding of the major opposition Democratic Party of Japan under the divided Diet, in addition to resistance by the LDP's coalition partner of the New Komeito. Yamasaki said: "Politically there are too many obstacles to enact new legislation, and the ruling bloc would not be able to come up with a unified view." Yamasaki also made this comment about North Korea's pledge to reinvestigate the abduction issue: "There is a need to present methods, including whether or not Japan will join the reinvestigation; the earlier the better."

Yamasaki also called for an early cabinet shuffle, saying that such would be helpful to shore up support ratings. He also indicated that factions should refrain from recommending any candidates for cabinet posts, saying: "Although I would like to see the prime minister listens to factional views rather than acting like former Prime Minister Koizumi, who decided matters arbitrarily, Prime Minister Fukuda should pick the new members from a broad range of people in order to generate his own policy imprint."

9) SDF dispatch welcome in Afghanistan: NATO spokesman

MAINICHI (Page 2) (Full)
July 17, 2008

BRUSSELS-The North Atlantic Treaty Organization (NATO) appreciates Japan for its financial aid to Afghanistan's reconstruction, a NATO spokesman said while referring to the fact that the Japanese government is now considering sending troops from the Self-Defense Forces to Afghanistan. "If Japan hopes to do more, we will welcome it," the spokesman said, adding that it is for the Japanese government to decide where to send SDF troops and what to do there.

10) Hitotsubashi University visiting professor picked as UN Policy Evaluation and Training Division director

ASAHI (Page 4) (Full)
July 17, 2008

The Ministry of Foreign Affairs announced yesterday that Hitotsubashi University Professor Izumi Nakamitsu, 45, had been hired as director of the United Nations' Secretariat's PKO (peacekeeping operations) Division in charge of policy evaluation and training. According to the ministry, Nakamitsu is the second

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Japanese to serve in such a management post in UN Headquarters, followed by Kiyotaka Akasaka, deputy secretary general responsible for public relations. Nakamitsu is expected to arrive at the post in early August.

Nakamitsu served in such posts as head of UNHCR Mostar office in Sarajevo, and the former Yugoslavia UN secretary general's special senior assistant officer. As a specialist to resolve disputes and building peace, he has been a visiting professor at the Hitotsubashi University since 2007, after serving as a professor at the Hitotsubashi University graduate school since 2005.

Foreign Ministry Press Secretary Kazuo Kodama stated yesterday at a press conference: "I think his appointment is extremely significant

for Japan as part of efforts to become a peace cooperation country."

11) Finance minister visits UAE: Calls on oil-producing countries to improve production facilities; Asks for cooperation on crude oil prices; Also meets with senior official of government-affiliated investment fund with aim of luring investment to Japan

NIKKEI (Page 5) (Excerpts)
July 17, 2008

Abu Dhabi, Manabu Morimoto

Finance Minister Fukushima Nukaga, now visiting the United Arab Emirates (UAE), on July 16 met with his counterpart Al-Tajer. In an effort to address the steep rise in crude oil prices, he sought cooperation from the UAE. He asked the nation to increase its oil production capacity and help constrain speculative transactions by improving information disclosure. He also met with a senior official of the government-affiliated investment fund SWF with the aim of luring oil money to Japan. He will then visit Kuwait on July 17. He is expected to call for cooperation from other countries in the region, explaining measures to deal with surging crude oil prices that industrialized countries agreed on at the G-8 summit in Hokkaido.

Participants in the G-8 summit and other related meetings agreed that oil consumer countries, such as Japan, the U.S. and European countries, should step up energy-conservation efforts. In the meantime, they sought cooperation from oil-producing countries, including boosting production volume and refining capacity, improving the transparency of market data on crude oil, such as stockpiles and production capacity, and analyzing the impact of demand and speculative movements on the high crude oil prices.

Though demand for crude oil in China and India is continuing to increase, the outlook for oil-producing countries' future supply capability is unclear. It is believed that outdated production and refining facilities are contributing to the steep rise in crude oil prices. Nukaga during the meeting asked the UAE to boost capital spending, which would lead to an increase in mid- to long-term oil supplies. He stressed Japan's stance that it is ready to help the nation on the technological front.

In response, Al-Tajer indicated a stance of basically cooperating for the G-8 agreement to constrain the high crude oil prices. However, he underscored that it was impossible to boost production immediately, citing labor and facility shortages. He also called for

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a swift analysis by the International Monetary Fund (IMF) or other international agency of the impact of speculative investment on crude oil prices, pointing out, "The supply-demand issue may not be the only factor contributing to the steep rise in crude oil prices. Speculative money may be another factor."

12) Deficit in primary balance for fiscal 2011 to top 2 trillion yen, according to Cabinet Office estimate; Deterioration caused by economic slowdown

MAINICHI (Page 1) (Excerpts)
July 17, 2008

It was learned on July 16 that the Cabinet office in its latest fiscal estimate projected that a deficit in the primary balance of the central and local governments for fiscal 2011 would exceed 2 trillion yen. Such an estimate as of January was only about 700 billion yen. However, the fiscal outlook will significantly change for the worse with a fall in tax revenues following the economic slowdown.

The projection will be submitted to a meeting of the Council on Economic and Fiscal Policy on July 22. The government incorporated in the basic policy guidelines on economic and fiscal management and structural reforms for the fiscal 2006 a target to move the primary balance into the black in fiscal 2011 and lower the proportion of

government debt to the GDP by the middle of the 2010s. In order to achieve this target it has been implementing a plan to cut spending up to 14.3 trillion yen from fiscal 2007 through fiscal 2011.

However, the estimate revealed this time indicates that if a temporary pause like this continues, it would be necessary to further cut spending and boost revenues, by such means as a consumption tax hike, in order to achieve the target. The situation will likely affect discussions of the compilation of the fiscal 2009 budget and an amendment to the tax code.

The Cabinet Office will also extensively revise down its economic outlook. It is now undergoing coordination with the possibility of forecasting real growth of the GDP for fiscal 2008 at about 1.3 PERCENT and 0.3 PERCENT in nominal terms, which are far below last year's projection -- 2.0 PERCENT in real terms and 2.1 PERCENT in nominal terms.

The nominal growth rate continues to fall below the real growth rate mainly due to weak domestic demand. The government will unlikely achieve its goal of putting an end to deflation before fiscal 2009.

13) Group of junior DPJ lawmakers prepares policy proposal for Ozawa, featuring int'l cooperation corps

TOKYO SHIMBUN (Page 2) (Full)
July 17, 2008

Hideo Hiraoka, a House of Representatives member of the leading opposition Democratic Party of Japan (Minshuto) leads a 'liberal' group of middle-ranking and junior lawmakers reluctant to revise Article 9 of the Constitution. The group held a seminar yesterday in Chitose, Hokkaido, and worked out a policy proposal for "Japan as a thoughtful nation."

The proposal features setting up an international cooperation corps

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as a new organization apart from the Self-Defense Forces to take over the SDF's role in international peace-keeping operations and humanitarian assistance activities overseas. It also advocates establishing a "peace law" stipulating that Japan will not participate in collective self-defense and that the SDF exists for defense only.

"We want to present our policy proposal to President Ozawa," Hiraoka told a news conference, adding: "If there are (other) people raising their hands to run in this September's election for our party's presidency, we will present our policy standpoint to them as well." With this, Hiraoka indicated that his group would see the response to their policy proposal and then decide what to do in the party presidential race. He did not clarify whether he himself would run or whether his group would put up a candidate.

14) Junior pro-Constitution DPJ members give up fielding own candidate for presidential election

SANKEI (Page 5) (Excerpts)
July 17, 2008

The Group of Liberals, composed of junior and mid-ranking Democratic Party of Japan (DPJ) members in favor of protecting the Constitution, compiled a set of policy proposals in a study meeting held at a Japanese inn in Chitose City, Hokkaido, yesterday. They decided not to field their own candidate but to back a candidate who supports their policy proposals in the party presidential election in September. The group will soon submit the report to President Ichiro Ozawa. This decision has made it more likely for Ozawa to win a third term in power in the party without a formal vote.

Hideo Hiraoka, who is the leader of the group and is said to be eager to run in the presidential race, revealed in a press conference after the study meeting that the group would give up putting up its own candidates, including him. He said:

"It is undesirable to see the party split after the presidential

election. We are fully aware of calls growing for the party to engage in a campaign for the next Lower House election under Mr. Ozawa. We would like to discuss matters based on this assumption."

He also indicated that he would approve an election of Ozawa for a third term without voting, saying: "Although it is desirable that policy debate is conducted in the election campaign, since it is unknown when the next general election is held, it might be necessary for the party to be united in a different way from conducting heated debate."

Some group members were reacting to Ozawa's possible election for a third term without a vote, one claiming: "If Ozawa became prime minister, he could manage the government in a Liberal Democratic Party's style. If liberal policy measures are not introduced, a change of government will be meaningless." Another member was insisting: "If a presidential election is carried out, the presence of the party will be played up."

15) DPJ to make revision to postal privatization campaign pledge:
Reaches agreement with PNP, Zentoku on election

YOMIURI (Page 4) (Full)
July 17, 2008

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Democratic Party of Japan (DPJ or Minshuto) President Ozawa and People's New Party (PNP) President Watanuki on July 16 held a meeting with the attendance of Chairman Urano of the national special postmasters association (Zentoku, former national association of special postmasters). They exchanged a consensus document noting that the DPJ will incorporate a proposal for drastically revising the postal privatization in its manifesto for the next Lower House election. The Postal Policy Study Group (PPSG), a political organization consisting of special postmasters, retired postmasters and their family members, will support PNP-recommended candidates running in the next election on the DPJ ticket, based on this agreement.

The agreement noted that the DPJ pledges to give full consideration to the stance of the PNP regarding a drastic revision to the postal privatization and realize the revision without fail once it takes the reins of government, by mentioning it in its election pledges. Regarding specific revisions, the participants agreed to give teeth to revisions, based on talks between the PNP and the PPSG.

Ozawa during the meeting asked the other participants, "I would like to have your cooperation (for the next Lower House election), as we need to assume power in order to fulfill what has been agreed on." Watanuki replied, "Power shift is needed in order to protect local communities and Japan."

Postmasters can engage in political activities now that postal services have been privatized.

16) LDP Yosano, DPJ Maehara remarkably close recently

YOMIURI (Page 4) (Full)
July 17, 2008

Former Chief Cabinet Secretary Kaoru Yosano of the Liberal Democratic Party (LDP) and Vice President Seiji Maehara of the Democratic Party of Japan (DPJ) attended a forum sponsored by the Tokyo Foundation in Tokyo yesterday.

A dialogue between Yosano and Maehara was published in the July edition of the monthly magazine Chuo Koron. The two also jointly attended a symposium on July 9. Their close ties have been drawing attention recently. A DPJ member was overheard saying: "Mr. Maehara is excessively close to the LDP."

Yosano has recently criticized the DPJ's policy manifesto as "ridiculous" and "focusing on throwing money around." Yesterday, however, he underscored his consideration to Maehara yesterday, saying: "I do not use rude words before Mr. Maehara," though he

commented: "(The manifesto) is financially inconsistent." Meanwhile, Maehara protected the DPJ's manifesto, saying: "We worked out it on the premise of the party assuming power at least for three years after a change of government. Our financial measures include those that will be able to be dealt with in three years time, but they are not slipshod."

17) With prime minister silent, LDP working to prepare for cabinet shuffle, with each faction readying list of recommended candidates

NIKKEI (Page 2) (Excerpt)
July 17, 2008

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The growing outlook in the Liberal Democratic Party (LDP) is that Prime Minister Fukuda in late July at the earliest will shuffle his cabinet, and moves in the party have begun to actively push certain candidates. Each faction has begun to draw up a list of recommended candidates, and senior faction members are informally investigating the candidates. The Prime Minister, who started his vacation on the 16th, has avoided contact with the party side, and remains hold up in his residence, maintaining his silence about whether or not he will shuffle the cabinet or not.

18) Tanigaki celebrates 25th anniversary as a Diet member; Challenge is to demonstrate his political presence

MAINICHI (Page 5) (Abridged)
July 17, 2008

Liberal Democratic Party (LDP) Policy Research Council Chairman Sadakazu Tanigaki celebrated his 25th anniversary July 16 as a politician with a party held at a Tokyo hotel. The late Prime Minister Kiichi Miyazawa had high hopes for his future, and when the Koga faction of the party and the Tanigaki faction, both of which came from the former Miyazawa faction, merged in May, Tanigaki was appointed to the second spot in the new faction. However, although he secretly is burning with desire to run in the next LDP presidential race, his challenge is that he must remove the image that his political presence in the party is weak.

The party was attended by approximately 30 lawmakers, and LDP Election Committee Chairman Makoto Koga gave words of encouragement in a speech. It has been about two years since the last party presidential election in 2006. Can Tanigaki display leadership in such critical policy areas as turning road-tax revenues into general funds? He will soon reach a defining moment in his career.

19) Ibuki ends debate about consumption tax hike, saying:
"Deflecting voters' attention is needed to win election"

SANKEI (Page 5) (Full)
July 17, 2008

Liberal Democratic Party's Secretary General Bunmei Ibuki said in a speech in Kyoto yesterday: "A hike in the consumption tax before a general election will cause us serious trouble," indicating that talk about the consumption tax should not be raised before the election.

He also said: "To win a victory (in the election), we will have to deflect (voters') attention from the issue." Criticism might crop up against the remark implying that the government should come up with a policy that would delay a hike in the consumption tax and have the voters look away from this issue. Ibuki further said of an election strategy: "We would like to cope with a difficult situation while asking the prime minister for a dazzler, in a good sense, and a performance."

Upon saying: "In public surveys, about half of the public said they support a consumption tax increase aimed to finance social security spending," Ibuki expressed his view that he cannot believe the survey result at face value.

20) Attention now on how Chief Cabinet Secretary Machimura will be

treated in cabinet shuffle

TOKYO SHIMBUN (Page 2) (Full)
July 17, 2008

Since Prime Minister Yasuo Fukuda started his summer vacation yesterday, Chief Cabinet Secretary Nobutaka Machimura, Fukuda's chief aide, was busy yesterday with managing the Prime Minister's Official Residence (Kantei). As calls rise in the ruling parties for Fukuda to shuffle his cabinet, how Machimura will be treated is now drawing widespread attention in the ruling coalition.

Referring to the scandal involving the Oita Prefecture board of education, Machimura, a former education minister, stated at a press conference yesterday: "Improving the quality of teachers is an old but new issue."

Ruling camp members appreciate Machimura's capabilities as a person who is well versed in a wide range of policies from foreign affairs to tax and fiscal areas. Despite that, ruling coalition members are paying close attention to how he will be treated because many believe that he is unable to communicate with Fukuda, even though he is in a key position supporting the prime minister.

Machimura's remarks in May about the need for a review of the government's reduced-rice-acreage policy encountered a barrage of objections in his Liberal Democratic Party (LDP). However, since he has made no major mistakes in his duties, there are two views in the ruling bloc -- one being that he would be removed in a shuffle and the other being that he would be retained in his current post.

Another reason for the strong interest in the treatment of Machimura is speculation that if he is removed from the cabinet, the rivalry between former Secretary General Hidenao Nakagawa and Machimura will emerge in the Machimura faction, the largest in the LDP, over who will lead the faction.

Machimura is a political highbred. His father served as Hokkaido governor and in both Diet houses. Since he was first elected to the Diet in 1983, he has climbed the political career ladder smoothly. He strongly hoped to assume the chief cabinet secretary post, with the aim of becoming a prime ministerial candidate in the future. But he is now facing a career challenge this summer.

ZUMWALT